

E-rate Program

Beginner's Presentation: Understanding the Basics

Beginner's Presentation

Overview

- General information about E-rate
- Technology planning
- Requesting services (Form 470)
- Competitive bidding process
- Ordering services (Form 471)
- Application review & funding commitments
- Begin receiving services (Form 486)
- Invoicing USAC (Form 472 and Form 474)
- Deadlines

Beginner's Presentation

General Information about E-rate

General Information about E-rate

E-rate Organization

- Federal Communications Commission (**FCC**), an independent U.S. government agency, oversees the E-rate program
- Universal Service Administrative Company (**USAC**), a not-for-profit, administers the E-rate program along with three other programs
- Schools and Libraries Division (**SLD**) is the part of **USAC** with responsibility for E-rate

General Information about E-rate

E-rate Timeline

- Commitments for E-rate are made by funding year (**FY**), which runs from July 1 through the following June 30
- USAC refers to the funding year as the year in which most services will begin
 - E.g., FY2010 is July 1, 2010 – June 30, 2011

General Information about E-rate

E-rate Budget

- Commitments are capped at \$2.25 billion for each funding year
- This cap will be adjusted for inflation starting in FY2010
- Once each year, **FCC** can roll over unused funds from previous funding years into the current funding year

General Information about E-rate

E-rate Categories of Service

- Priority 1 (**P1**) (funded first)
 - Telecommunications Services
 - Internet Access
- Priority 2 (**P2**) (funded beginning with neediest applicants first)
 - Internal Connections
 - Basic Maintenance of Internal Connections

General Information about E-rate

E-rate Eligibility

- Who is eligible for E-rate funding?
 - **Schools and school districts**
 - Non-traditional facilities (*conditionally by state*)
 - Libraries and library systems
 - Consortia – groups of eligible entities that band together to aggregate demand and negotiate lower prices

General Information about E-rate

Calculate your discount percentage with our Discount Matrix

INCOME Measured by % of students eligible for NSLP	URBAN LOCATION Discount	RURAL LOCATION Discount
If the % of students in your school that qualifies for the NSLP...	...and you are in an URBAN area, your discount will be...	...and you are in a RURAL area, your discount will be...
Less than 1%	20%	25%
1% to 19%	40%	50%
20% to 34%	50%	60%
35% to 49%	60%	70%
50% to 74%	80%	80%
75% to 100%	90%	90%

Beginner's Presentation

Technology Planning

Technology Planning

Technology Plan Elements

New Rule Starting for FY2011, if you are only requesting **P1**, a technology plan is **not** required

Technology Planning

More Information about Technology Plans

- See our website at <http://www.azed.gov/technology>
- Session later this afternoon

Beginner's Presentation

Requesting Services (Form 470)

Requesting Services (Form 470)

The Purpose of Form 470

- Open a competitive bidding process
- Identify and describe your desired categories of service and the function of the services
- Describe the scope of your needs (e.g., a single school building, a library system, a state network)

Note **RFPs** are **not** required by E-rate but may be used to describe specific needs and circumstances

Requesting Services (Form 470)

RNL

- Form 470 Receipt Notification Letter (**RNL**) – a letter issued by **USAC** to the applicant that summarizes the information provided in the Form 470
- Allowable vendor selection/contract date (**ACD**) – **the date 28 days after the Form 470 is posted to the USAC website**

LEA Not Required to File Form 470

- Still must contact all vendors on the state master contract to solicit bids and conduct a bid evaluation
- The list of State Master Contract Telecommunications Awards can be found at:

<http://www.spo.az.gov/docs/SPO%20ALERTS/9-29-10%20Tele.pdf>

- The list of State Master Priority 2 Awards can be found at: <https://procure.az.gov/bs/>
- Search for contract set: 060043

Beginner's Presentation

Competitive Bidding Process

Competitive Bidding Process

Competitive Bidding Requirements

- You must ensure that the competitive bidding process is open and fair
 - You must keep all incoming bids/correspondence with bidders and prepare to evaluate bids equally
- All potential bidders have access to the information from your Form 470 and **RFP**, and they can respond to your requests

Competitive Bidding Process

Acronyms and Terms

- **Bid** – A service provider response to your Form 470 and/or RFP that contains services and prices and any other information you have requested
- **Price as the primary factor** – In evaluating bids, the price of the eligible products and services must be the most heavily-weighted factor in your evaluation of bids

Competitive Bidding Process

Choosing a Service Provider

- After you close the competitive bidding process for your services (on or after the **ACD**):
 - 1) You can evaluate the bids received
 - 2) You can choose your service provider(s)
 - 3) You can sign a contract
 - 4) You can post a Form 471

Competitive Bidding Process

Sample Bid Evaluation Matrix

Factor	Points Available	Vendor 1	Vendor 2	Vendor 3
Price of the ELIGIBLE goods and services	30	15	30	25
Prior experience w/ vendor	20	20	0	20
Prices for ineligible services, products & Fees	25	20	15	25
Flexible Invoicing: 472 or 474	15	0	15	15
Environmental objectives	5	5	3	2
Local or in state vendor	5	5	5	5
Total	100	65	68	92

Competitive Bidding Process

Examples of Competitive Bidding Rule Violations

- The applicant has a relationship with a service provider that would unfairly influence the outcome of a competition or furnish the service provider with “inside” information
- Someone other than the applicant or an authorized representative of the applicant prepares, signs, and submits the Form 470 and certification

Beginner's Presentation

Ordering Services (Form 471)

Ordering Services (Form 471)

The Purpose of Form 471

- Provide information on the service providers and eligible services you have chosen
- Identify the eligible schools and libraries that will receive services
- Include your discount calculation information
- Certify your compliance with program rules

Ordering Services (Form 471)

Item 21 Attachments

- Item 21 Attachment (**Item 21**) – the description of services associated with a funding request (Item 21 on Form 471)
 - Item 21 attachments can be submitted online, by fax, email, or on paper

Ordering Services (Form 471)

RAL

- Receipt Acknowledgment Letter (**RAL**) – a letter issued by **USAC** to the applicant and the service provider that summarizes the information provided in the Form 471
- Many of the entries on the form can be corrected after submission by using the **RAL**
- These corrections must be submitted to **USAC** no later than 20 days from the date of the **RAL**

Beginner's Presentation

Application Review & Funding Commitments

Application Review & Funding Commitments

Acronyms and Terms

- Program Integrity Assurance (**PIA**) – the **USAC** group that reviews and makes funding decisions on program applications
- Funding Commitment Decision Letter (**FCDL**) – a letter issued by **USAC** to the applicant and the service provider that contains commitment decisions on funding requests

Beginner's Presentation

Begin Receiving Services (Form 486)

Begin Receiving Services (Form 486)

The Purpose of Form 486

- Notify **USAC** that your eligible services have started or been delivered and invoices for those services can be processed and paid
- Provide the name of the **TPA** that approved your technology plan
- Report your status of compliance with **CIPA**

Begin Receiving Services (Form 486)

Form 486 NL

- **Form 486 Notification Letter** – a letter issued by **USAC** to the applicant and service provider after a Form 486 has been processed

Beginner's Presentation

Invoicing USAC (Form 472 and Form 474)

Invoicing USAC (Form 472 and Form 474)

Applicants have a choice between two methods of invoicing (receiving discounts on eligible services)

- Billed Entity Applicant Reimbursement (**BEAR**) Form 472 is filed by the applicant and approved by the service provider after the applicant has paid for the services in full
- Service Provider Invoice (**SPI**) Form 474 is filed by the service provider after the applicant has been billed for the non-discount portion of the cost of eligible services



How do reimbursements or BEARs work?



Existing Bill \$1,000



Eligible Entities let vendors know that they will pay in full For P2 – subject to receiving FCDL



Entities calculate their Discounts (IE: 80%)

You pay 100% of the Vendor Bill to vendor, or \$1,000.00



USAC reviews and approves your invoices/Sends Check to vendor who has 20 calendar days to pay Entity

You apply for reimbursements from USAC



Eligible entity gets the remaining \$800.00 from Vendor



How do discounted bills or SPIs work?



Existing Bill \$1,000



**Eligible Entities
discuss with SP to
do Discounted bills**



**Entities calculate their
Discounts (IE: 80%)**



**Your SP Bill
discounts bill by
\$800.00**



**Vendor invoices USAC &
USAC reviews and
approves**



**Now you pay SP
only \$200.00**



**Vendor gets the remaining
\$800.00 from USAC**

Invoicing USAC (Form 472 and Form 474)

Requirements to fulfill before invoicing USAC

- *Applicants and Service Providers* receive an **FCDL** from **USAC** for the services being invoiced
- *Applicants* must file a Form 486 and receive a **486 Notification Letter**
- *Service Providers* must file a Form 473
 - Form 473 can be filed after **USAC** has announced the opening of the application filing window

Beginner's Presentation

Deadlines

Application Deadlines

- **Form 470** - Posted at least 28 days before the filing of the Form 471, keeping in mind the Form 471 application filing window opening and closing dates.
- **Form 471** - Received or postmarked no later than 11:59 p.m. EST on the day of the close of the Form 471 application filing window (exact date will be posted on our website)

More Deadlines

- **Form 486** - Received or postmarked no later than 120 days after the date of the USAC Funding Commitment Decision Letter or the service start date, whichever is later
- **Form 472/Form 474** - Received or postmarked no later than 120 days after the date of the Form 486 Notification Letter or the last date to receive service, whichever is later
- **Appeals** - Received or postmarked no later than 60 days after the date of USAC's decision letter

With questions, please contact us!

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AZ E-Rate Website: <http://www.azed.gov/erate>